

United States Air Force Mentor-Protégé Handbook (3rd Edition)



January, 2001

Prepared by:

Office of Small and Disadvantaged Business Utilization
SAF/SB
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Washington, D.C. 20330-1060

This handbook provides a quick overview of various aspects of the USAF Mentor-Protégé Program by providing data from sources within DoD and the Air Force.

Although the handbook provides a ready reference for informal management data, it is not a source document.

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FOREWORD

The U.S. Air Force Small Business Program continues its strong endeavor to keep the customer needs at the forefront of its efforts. This 3rd Edition of the “U.S. Air Force Mentor-Protégé Handbook” continues that philosophy.

Since the initiation of the DoD Pilot Mentor-Protégé Program, the Air Force diligently worked to encourage DoD contractors to participate in the program. We remain committed to providing the appropriate incentives and support necessary to maximize mentor, protégé and Historically Black Colleges and Universities and/or Minority Institutions (HBCU/MIs) involvement to increase the overall participation under DoD contracts.

You are provided with excellent guidance, Lessons Learned and Case Studies as examples of what works and what does not work in this handbook. This advice is based upon M-P experiences as well as careful reviews of Public Laws, Defense Federal Acquisition Regulation Supplements (DFARS), DoD policy letters, M-P agreements, mentor proposals, program and business plans and the initial USAF M-P Report. The handbook is organized to take the reader through the process of establishing an M-P team.

I solicit your ideas for continued improvements to the Air Force M-P Program. We have accomplished much, but we have much more to do! As our effort, knowledge and understanding of M-P grows, we discover a greater need than ever before to provide prospective program participants information on how the program works and the mechanics associated with putting together a Mentor-Protégé Team. This third edition incorporates the experience of the last three years.

I would like to express my sincere appreciation to the staffs of the Air Force Mentor-Protégé Center of Excellence and Monterey Consultants, Inc. The team methodically captured the unique approach I envisioned and ensured the deployment of an effective yet user-friendly document for your use.

A handwritten signature in black ink, appearing to read 'Anthony J. DeLuca', with a long, sweeping horizontal line extending to the right.

ANTHONY J. DELUCA
Director

U.S. Air Force Office of Small and
Disadvantaged Business Utilization

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I. INTRODUCTION

The Air Force Handbook marks a change in both the tone and intent of previous handbook publications. Previous editions of the handbook contained philosophy and guidance, with an emphasis on



pre-agreement activities between prospective mentor and protégé companies. Although these are still important aspects of the Air Force's Mentor-Protégé (M-P) Program, the program has evolved and matured, and the process for entering into reimbursement agreements with the Air Force has changed greatly. This handbook presents the latest guidance from the Air Force and reflects the current program posture.

The intent of the overall program is still the same...to increase the small business supplier base of the Department of Defense and the Air Force. This handbook presents a concise view of just how that intent is carried out. Additionally, it offers insight into the program to assist prospective mentors and protégés in making the right decisions about whether or not the program is the correct vehicle to meet their particular needs. To that end, this handbook is organized into five distinct sections. The first section deals with an overview and description of the program. The second section deals with establishing the team. The third section presents instructions on the Air Force program and management of the program after contract award. The program funding cycle is depicted in Figure 3-1. The fourth section contains lessons learned. The final section illustrates specific lessons learned with case studies.

In short, the Air Force M-P Program is like no other in the Department of Defense, or in any other government agency. Entry into the Air Force reimbursement program is through competition rather than application. Separate contracts are awarded for the mentoring efforts versus adding contract line items to existing contracts. The Air Force requires meaningful participation by Historically Black Colleges and Universities and/or Minority Institutions (HBCU/MIs). Close program oversight and monitoring is provided through the M-P Center of Excellence (AFMPCOE) located at Brooks AFB, TX. These add up to a program that pays big dividends for all participants: the protégés, the mentors, the schools, the Air Force, and the Department of Defense.

1.1 About This Handbook

As stated in the Foreword, the U.S. Air Force Small Business Program continues to actively promote customer needs and endeavors to keep customer needs at the forefront of its efforts. This publication propagates that philosophy.

CONTRIBUTING QUESTIONS, IDEAS OR CORRECTIONS TO THIS HANDBOOK

Please submit all questions, comments, ideas, or corrections to:

311 HSW/BC

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1.2 Background

Congress established the M-P Program in 1991. The program provides incentives for major defense contractors to furnish small disadvantaged business (SDB) concerns with developmental assistance in order to increase SDB participation in Federal procurement contracts. Incentives exist as direct reimbursement or credit against SDB goals.

INTENT OF MENTOR-PROTÉGÉ PROGRAM

The M-P Program as set forth in legislative and regulatory coverage has three major goals. They are to: provide incentives to DoD contractors, seek and develop SDB subcontractors for increased overall participation of SDBs in DoD subcontracting, and foster long-term business relationships between DoD contractors and SDBs.

- **Provide Incentives to DoD Contractors**

The program seeks to provide incentives to prime DoD contractors (mentors) to develop subcontracting relationships with SDBs (protégés) and to assist the SDBs in developing relevant capabilities to compete for DoD contracts. The incentives range from reimbursement of the costs of providing developmental assistance to the protégé to credit toward achievement of the mentor's SDB subcontracting goals. When credit is involved, it is calculated as a multiple of the amounts spent by the mentor in providing the assistance. Additional incentives include increased visibility for a mentor's SDB subcontracting efforts, stabilization of SDB subcontracting relationships, and development of strategic prime/sub associations.

- **Increase Overall Participation of SDBs**

A major stumbling block to the achievement of the 5% SDB subcontracting goals mandated by Congress is the

assertion by large DoD prime contractors that there are not enough qualified SDBs to perform as subcontractors on DoD work. Therefore, a primary goal of the M-P program is to increase the capabilities of SDBs to the point where more of them can perform significant work on DoD contracts and should result in an increase in the overall subcontracting levels.

- **Foster Long-Term Business Relationships**

Major prime contractors historically developed long-term business relationships—generally with other large businesses—to permit effective competition for contracts that could not be performed entirely “in house.” The long-term relationships benefit both prime contractors and their “team members.” It is the intent of the M-P Program to foster this type of relationship between mentors and protégés in order to develop a stable business base for protégés and a stable SDB vendor base for mentors.

1.3 Public Law Initiatives

The U.S. Congress, by passing legislation that became Public Law (PL), created the DoD Pilot M-P Program. In addition to the law establishing the program, subsequent legislation affected it. This handbook touches on a few key legislative actions impacting the M-P Program.

PL 99-661 (NATIONAL DEFENSE AUTHORIZATION ACT FOR 1987), SECTION 1207

Authorization bills are often amended to achieve purposes other than to strictly authorize the expenditure of funds. Section 1207 of PL 99-661 was the result of such an amendment. Section 1207 established, among other things, a goal of 5% of total subcontracting for DoD prime contracts to be awarded to SDBs. More recently, a similar

goal of 5% for women-owned businesses was added. These 5% goals proved difficult to meet, and were the genesis of the DoD Pilot M-P Program.

PL 101-510 (NATIONAL DEFENSE AUTHORIZATION ACT FOR 1991), SECTION 831

This legislation, which created the DoD Pilot M-P Program, was incorporated in Section 831 of PL 101-510 - the National Defense Authorization Act for FY 1991.

THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FY 2000

Extended the date for new agreements under the DoD Pilot M-P Program to 30 September 2002 and also extended incurring costs (costs eligible for reimbursement) through 30 September 2005.

THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FY 2001

Added eligibility of small business concerns owned and controlled by women for assistance under the M-P program (subject to regulatory implementation).

REGULATORY IMPLEMENTATION

The Defense Federal Acquisition Regulation Supplement (DFARS) is the regulation implementing laws passed by Congress concerning DoD acquisition. The section of the DFARS pertaining to the M-P program is Part 219, Subpart 219.71, "Pilot Mentor-Protégé Program." DoD policy and procedures for program implementation are contained in DFARS Appendix I, "Policy and Procedures for the DoD Pilot Mentor-Protégé Program." All potential M-P

participants should be familiar with these regulations before entering into an agreement.

DOD POLICY LETTERS

The Director of the Office of Small and Disadvantaged Business Utilization issued a policy letter, dated 31 July 1997, Subject: Reimbursement of Protégé Costs under the DoD M-P Program. The policy letter provided clarification regarding incidental protégé costs endorsed by the Military Department or Defense Agency not specifically addressed in the legislation, which are otherwise considered allowable, allocable and reasonable. The letter states, "These costs, however, should not exceed 10% of the total reimbursable cost of the approved mentor-protégé agreement." In addition, the policy encourages the parties to actively explore alternative means for addressing this issue.

1.4 Reimbursements Or Credit?

There are two incentives available to mentors; reimbursement of costs, or credit toward achievement of SDB subcontracting goals. Each is described below.

REIMBURSEMENT OF COSTS

In order to provide an incentive for potential mentors to enter into M-P relationships, the legislation provides for mentors to be reimbursed for the costs of providing developmental assistance to protégés in the areas of engineering and technical matters, other forms of assistance designed to develop the capabilities of the protégé, and limited general business management.

- **Types of Reimbursable Costs**

A mentor may be reimbursed for the following costs:

Direct costs

- The costs of providing developmental assistance with the mentor's personnel.
- Assistance provided through Historically Black Colleges and Universities (HBCUs), Minority Institutions (MIs), Small Business Development Centers (SBDCs) and Procurement Technical Assistance Centers (PTACs).
- DFARS, Appendix I-107 does not provide for reimbursement of protégé labor.

Indirect costs

- Travel and subsistence.
- Incidental supplies and materials.

DoD Protégé Reimbursement Policy – The 31 July 1997 DoD letter provides clarification regarding incidental protégé costs not specifically addressed in the legislation, which are otherwise considered allowable, allocable and reasonable. The letter states a protégé may be reimbursed up to **10%** of the total M-P contract value, primarily in the areas of travel and subsistence, and incidental supplies and materials.

CREDIT

Unless participating in the Comprehensive Subcontracting Plan Program, all large government prime contractors are required to file a subcontracting plan for each contract over \$500K (\$1M for construction) or modification thereto which spells out projected levels of subcontracting with small businesses and SDBs. The prime contractor's

performance on the contract is then evaluated in terms of how well the contractor achieves its projected levels of subcontracting.

Prime contractors often have trouble achieving acceptable levels of SDB subcontracting. Therefore, the other incentive available to mentors is that the costs of unreimbursed developmental assistance to the protégé may be credited toward achievement of the mentor's SDB subcontracting goals. There are four (4) types of credit available:

- i. Credit for any reasonable and allowable costs incurred by the mentor which were not reimbursed under the mentor's cooperative agreement or as a separately priced contract line item;
- ii. Credit for developmental assistance costs that have been reimbursed via inclusion in indirect expense pools;
- iii. Credit for developmental assistance costs not eligible for reimbursement (to the degree that such costs were identified in the original M-P agreement);
- iv. Credit for all developmental costs where the M-P agreement is for credit only.

The real incentive here is that credit is not "dollar-for-dollar." In fact, there are three (3) credit levels. A mentor can receive credit equal to:

- i. Four (4) times the cost of assistance provided through HBCU/MIs, PTACs, and SBDCs;
- ii. Three (3) times the cost of assistance provided by the mentor's employees, and;
- iii. Two (2) times the cost of other assistance provided by the mentor.

The mentor also receives dollar-for-dollar credit for any subcontracts awarded to the protégé.

1.5 What Is A Mentor?

It is important to remember that *this program is not about exclusively benefiting the mentor*. Therefore, the mentor must faithfully execute the program with the greatest care and nurturing possible for every aspect of the developmental assistance provided to the protégé. The ultimate goal is observance of commitment through demonstrated meaningful actions throughout the life of the program that truly results in a “real” long-term business relationship between the mentor, mentor divisions (if applicable) and the protégé. In addition, the protégé should complete the program with enhanced core capabilities, increased business volume and have the potential for future growth outside the relationship with the mentor (e.g., acquire new contracts or subcontracts, including any potential commercial opportunities). Once accomplished, the benefits will also begin to accrue to the mentor!

- **Eligibility Requirements**

In order for a company to qualify as a mentor it must be currently performing under an approved, active subcontracting plan negotiated with DoD or another Federal agency pursuant to FAR 19.702 and currently eligible for the award of federal contracts.

- **Active M-P Agreements**

A mentor firm may have multiple active M-P agreements. However, experience has shown that having multiple protégés managed under one contract or one program manager is often not successful.

- **Commitment to Small Business**

The mentor must have a commitment to small business. The mentor shall have a corporate policy to promote, develop, and implement subcontracting opportunities with small businesses and small disadvantaged businesses (SBs/SDBs), Historically Black Colleges and Universities (HBCUs) and Minority Institutions (MIs). The mentor shall have data from current and previous years documenting the mentor's commitment to small businesses. The mentor shall demonstrate previous participation in conferences and seminars, training provided to SDB suppliers, and established goals.

- **Commitment to the Protégé**

The mentor must be fully committed to a long-term relationship and obligation to its protégé(s). It is not uncommon for mentors, in the M-P agreement, to commit to assisting and mentoring their protégé(s) far beyond the initial (funding) period.

- **M-P Program Manager**

The M-P Program Manager (PM) is the single point of contact with the Government customer. The PM is responsible to ensure that the M-P effort is conducted within the scope of the contract, within cost and on schedule. The Program Manager is the focal point for all activities involving the protégé(s), HBCUs and/or MIs and as such, ***must*** have access to upper echelon management within the corporate structure and be able to draw upon the full range of corporate resources.

1.6 What Is A Protégé?

A firm must commit their resources to expand their capabilities and market base. Additionally, those firms must be willing to commit the necessary labor resources to accept the technological advances and training provided through the program.

- **Eligibility Requirements**

A company may qualify as a protégé firm if it is:

- a. A Small Disadvantaged Business (SDB) concern as defined by section 8(d)(3)(C) of the Small Business Act (15 U.S.C. 637(D)(3)(C)) which includes the following:
 - Eligible for the award of Federal contracts; and
 - A small business according to the SBA size standard for the North American Industrial Classification System (NAICS) representing the contemplated supplies or services provided by the protégé firm to the mentor firm; and
 - Certified by the Small Business Administration as an SDB
- b. A business entity that meets the criteria above and is owned and controlled by either an Indian tribe as defined by section 8(a)(13) of the Small Business Act (15 U.S.C. 637(a)(13)) or a Native Hawaiian Organization as defined by section 8(a)(15) of the Small Business Act (15 U.S.C. 637(a)(15)); and is certified by the Small Business Administration as an SDB; or
- c. A qualified organization employing the severely disabled which self certifies that it meets the criteria for such entities defined in Pub. L. 102-172, section 8064A.
- d. A small business concern that is owned and controlled by women, as defined in section 8(d)(3)(D) of the Small

Business Act (15 U.S.C. 637(d)(3)(D)) (subject to regulatory implementation).

- **Self-Certification**

A protégé firm may self-certify to a mentor firm that it is a qualified organization employing the severely disabled and that it meets the criteria for such entities defined in Pub. L. 102-172, section 8064A. Mentor firms may rely in good faith on a written representation that the entity meets the requirements of these paragraphs.

- **Active M-P Agreements**

A protégé firm may have only one active M-P agreement under the DoD Pilot M-P Program.

- **Commitment to M-P Program**

The protégé(s) must also have a strong commitment to the program. This is a unique opportunity for the protégé(s) to gain immeasurably toward the future success of the company. The protégé(s) are required to pledge top-level commitment of time and resources to the program.

1.7 What Is An HBCU/MI?

- **Eligibility Requirements**

The institutions and groups eligible to participate are defined in the following paragraphs.

- a. Historically Black Colleges and Universities (HBCUs) as defined to be accredited institutions of higher education, which were established before 1964 with the

principal mission of educating African Americans. An HBCU must be legally authorized by the state in which it is located. These institutions must be accredited two-year or four year colleges and universities that award baccalaureate degrees. A current listing of institutions may be found at:

<http://services.sciencewise.com/molis/selectinst.asp>

- b. Minority Institutions (MIs) are defined to be accredited institutions of higher education whose enrollment of a single minority, or a combination of minorities (American Indian; Alaskan Native; African American, not of Hispanic origin; Hispanic, including persons of Mexican, Puerto Rican, Cuban, and Central or South American origin; Pacific Islander, and/or other ethnic group underrepresented in science and engineering), exceeds 50 percent of the total enrollment, or 25 percent of the enrollment if of Hispanic origin. Eligible institutions are certified by the Department of Education. A list may be found at the web address <http://www.ed.gov/offices/OCR/minorityinst.html>

1.8 Benefits Of The Program

- **Benefits of the Program to the Mentor**

There are a variety of benefits to the mentor through participation in the M-P Program. The following are but a few of these benefits:

Long-term relationship with a trusted business partner or associate

Perhaps the most significant benefit for the mentor is the establishment of a long-term relationship with a partner who is intimately aware of the mentor's business practices and requirements, and has been groomed to specifically meet those needs. The mentor

is assured that the protégé meets all requirements for quality, schedule, and pricing. Both companies know and trust each other, and are committed to ensuring the continued profitability of the relationship.

A qualified SDB source at more competitive prices

The protégé's improved business practices, implemented through the M-P program, assure the mentor receives quality products and services at a best value price. Additionally, the mentor's ability to award subcontracts directly to the protégé eliminates the need for costly competitive bid processes.

Meet SDB goals

The mentor gains a trusted, qualified, small business partner to help achieve the SDB subcontracting goals required on all federal contracts with values greater than \$500K. Additionally, certain non-reimbursable mentoring expenses may be eligible for application against the SDB goals at factors as high as 4:1, depending upon the type of assistance, and to whom it is given. See DFARS, Appendix I-109(d).

Source of qualified employees from the HBCU/MI

HBCU/MI student internship and summer hire programs (allowable program expenses) not only expose the students to the workplace, but also identify outstanding candidates for employment after graduation. This creates an effective "farm system" to groom prospective employees who are highly proficient and well trained upon entering the workforce.

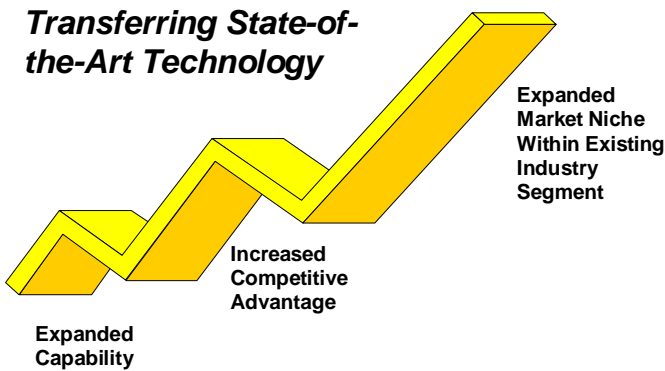
• Benefits of the Program to the Protégé

As with the mentor, there are many benefits to be derived by the protégé. The protégé gains invaluable developmental assistance through the M-P Program.

The following are but a few of the major areas in which the protégé can gain.

Technology Transfer

The primary thrust of the Air Force M-P Program is the transfer of state-of-the-art technology to the protégé. This allows the protégé firm to either create or expand, a market niche, and become a preferred supplier to the mentor and other leaders within their industry segment.



Long-term relationship with a trusted business partner or associate

As with the mentor, the protégé gains the establishment of a long-term relationship with a partner who is intimately aware of the company's products, business practices, and specific requirements. The protégé is assured that its products and services meet all mentor requirements for quality, schedule, and pricing. Again, both companies know and trust each other, and are committed to ensuring the continued profitability of the team.

Enhanced competitiveness

In order to take full advantage of the state-of-the-art technology being transferred, and to increase the protégé's competitive advantages, the mentor often recommends and implements improved general business practices and processes including organizational, financial, and personnel management. These lead to lower overhead and operating costs, and increased profitability. The bottom line is a more competitive posture for the protégé.

Marketing, business development, and overall business planning

The Air Force recognizes the importance of marketing, however; under current Air Force policies, the protégé's travel expenses related to marketing and business development activities are not eligible for reimbursement. The protégé firm should plan on funding those activities as usual. Although no longer a major thrust area for the Air Force M-P Program, marketing and business development activities by the mentor on behalf of the protégé may represent a significant portion of the value gained through participation in the program. Increasing the business base and revenues of the protégé creates a more stable operating position, and allows the protégé to more fully exploit the technological and competitive advantages resulting from the mentoring. Additionally, the protégé gains meaningful insights into the direction and future trends of its business segment by having a mentor who is often an industry leader. The protégé is then able to plan with the mentor, rather than simply react to a continuously changing environment.

Engineering and technical matters

The protégé gains valuable knowledge of the technical management skills necessary to fully exploit the state-of-the-art technology, just as they gained improved knowledge of general business infrastructure practices. Project and production management, inventory control, and quality assurance further augment the competitive advantages gained, and enable the protégé to truly become a preferred supplier to not only the mentor, but to other prime contractors as well.

Subcontracting opportunities

One of the primary objectives of the program is to increase the capabilities of the SDB supplier base for DoD and the Air Force. As noted above, the Air Force M-P Program is not intended to act as a business development tool, but is a technology enhancement process with the goal of making small businesses more able to meet industry requirements for quality, schedule, and price. The most successful M-P agreements are those with an existing business base not those involving start-up and emerging businesses. The program enables the protégé to become more competitive through technological advancements and improved business practices, making them attractive, preferred suppliers within their industry segment.

A key factor in judging the success of any Air Force M-P agreement is the value of the subcontracts awarded by the mentor and other prime contractors to the protégé. By becoming a preferred supplier and trusted business associate to the mentor, the protégé significantly increases their subcontracting opportunities. Additionally, the implementing legislation allows the mentor to make direct subcontract awards to the protégé without engaging in a competitive bid

process; however, the mentor must still validate fair and reasonable pricing by the protégé.

Another aspect of subcontracting is of major importance to the protégé. In accepting and implementing the mentoring recommendations, the protégé is committing to a possible loss of revenue during the time that key personnel are engaged in training and process improvement activities. Protégé personnel costs are not reimbursable; however, direct subcontract awards from the mentor during the training period can significantly offset the protégé's investment in personnel and lost revenue, and lead to a strengthening of the relationship between the two companies.

Source of qualified employees from the HBCU/MI

As with the mentor, HBCU/MI student internship and summer hire programs placing students in the protégé firm not only expose the students to the workplace, but also identify outstanding candidates for employment after graduation. This creates an effective "farm system" to groom prospective employees who are highly proficient and well trained upon entering the workforce. Often, the expenses for these student interns are covered under a subcontract from the mentor to the participating school, therefore not an incurred expense for the protégé.

II. ESTABLISHING THE TEAM

If the M-P Program is to succeed, the mentoring partnerships must be grounded on trust and mutual respect. In order for these teams to work, each party must treat the other like a partner. All parties need to under-



stand that point and know up front they must be equally committed and willing to grow. It is vital that both parties learn as much as possible about their prospective partner(s), and have a good understanding of their capabilities relating to a potential agreement.

2.1 Getting to Know Your Prospective Partner(s)

This can be a very active stage in the screening process; both parties are “sizing up” potential partners. The mentor and the protégé must be very careful in selecting only those with whom they have a good chance of success. It is essential that the mentor, protégé and technology selected for transfer be appropriately matched. As a result, prior to any commitment through an M-P Agreement, each side must be interested in finding the strengths and weaknesses of their potential partner.

- **Evaluation Criteria**

A critical aspect of choosing a partner is the development of evaluation criteria that are used as qualitative discriminators. The mentor must identify different areas of the

assessment, to reveal substantive differences in technical capabilities or risk levels among competitive protégés and determine what evaluation criteria will be used to select a qualified protégé. A team of mentor “experts” normally determines the criteria. These personnel will meet to decide the most important factors for use in the evaluation. Each factor may be weighted, as necessary.

It is crucial that the mentor conduct a multi-functional assessment of the protégé during the earliest stages of the relationship. Areas of evaluation may include: engineering, technical specialties, quality standards in place, management quality, financial stability, contracting, administration, business development and marketing practices. During the screening process, the mentor should visit the protégé to interview personnel, observe processes and procedures, review documentation and records, observe work processes in progress and conduct a thorough review of both internal and external operations. The observations, notations, and general impressions will assist with analysis of the protégé and determine the direction the team will take.

- **Final Decision**

Each potential protégé is evaluated against the other protégés to determine the strongest candidate. In some cases, more than one protégé may be selected.

- **Determining Training Requirements**

Based upon the analysis by the mentor, both parties should be able to determine the direction and training requirements necessary to advance and assist the protégé.

2.2 Expectations of Both Parties

There are always high expectations of the mentor and the protégé when discussions center on proposed M-P activities. The table at Figure 2-1 will help to identify samples of some of these expectations.

Mentors		Protégés
<ul style="list-style-type: none">• Expanded Small Business Infrastructure<ul style="list-style-type: none">○ Achieve SB Goals and Requirements	➔	<ul style="list-style-type: none">• Technical Infusion & Business Supply Base<ul style="list-style-type: none">○ Enhanced Market Niche○ Expanded Subcontract Opportunity
<ul style="list-style-type: none">• Long term, stable relationship<ul style="list-style-type: none">○ Streamlined Subcontracting Procedures	➔	<ul style="list-style-type: none">• Long term, stable relationship<ul style="list-style-type: none">○ Big Brother Partner on Prime Contracts○ Vision of Industry Segment Direction

Figure 2-1 - Sample Expectations

2.3 Selecting a Partner

• Important Key Factors

Mentor firms will be solely responsible for selecting protégé firms. Mentor firms are encouraged to identify and select as protégés SDB firms with shared values and similar business philosophies.

The selection of protégé firms by mentor firms may not be protested except as indicated below.

In the event of a protest regarding the size or disadvantaged status of an entity selected to be a protégé firm as defined within either paragraph I-104(a)(1) or (2) of the Policy and Procedures for the DoD Pilot M-P Program, the mentor firm shall refer the protest to the Small Business Administration (SBA) to resolve in accordance with 13 CFR Part 121 (with respect to size) or 13 CFR Part 124 (with respect to disadvantaged status).

For the purposes of the Small Business Act, a protégé firm may not be considered an affiliate of a mentor firm solely on the basis that the protégé firm is receiving assistance as referred to in paragraph I-107(f) of the Policy and Procedures for the DoD Pilot M-P Program from a mentor firm under the program.

If at any time pursuant to paragraph I-105(c) of Policy and Procedures for the DoD Pilot M-P Program, the protégé firm is determined by the SBA not to be a small disadvantaged business concern, assistance furnished such business concern by the mentor firm, after the date of the determination, may not be considered assistance furnished under the program.

2.4 Inclusion of HBCU/MIs

- **Background**

Section 1207 of Public Law 99-661 requires that 5% of DoD contracting and subcontracting dollars be expended with Small Disadvantaged Businesses (SDBs), Historically Black Colleges and Universities (HBCUs) and Minority Institutions (MIs). In addition, it provides for setting aside research acquisitions for HBCU/MIs. As an incentive to increase the participation of HBCUs and MIs in DoD

subcontracting, the M-P Program provides that the mentor may subcontract with HBCU/MIs, as well as certain government-sponsored groups (PTACs and SBDCs), to provide additional assistance with transfer of technical capabilities to the protégés. The mentor can be reimbursed for this expense or may receive as credit toward its subcontracting plan(s) an amount equal to four times the value of the service. A listing of current HBCUs eligible to participate can be found at:

<http://services.sciencewise.com/molis/selectinst.asp>

A listing of MIs eligible to participate can be found at:

<http://www.ed.gov/offices/OCR/minorityinst.html>

- **AF Requirement**

The Air Force program requires proposals have an active, long-term involvement of HBCU/MIs with a minimum subcontracting goal of 5%. General consideration will be given to proposals significantly exceeding the HBCU/MI 5% subcontracting goal.

- **Objective**

The objective to include HBCU/MIs in the M-P Program is to assist these important sources of higher education to develop up-to-date and relevant curricula and prepare students for greater participation in the American economic mainstream. **In addition, the objective should encompass maximum utilization of the faculty, student interns, school facilities and business related subcontract opportunities with the mentor and/or protégé.** This view is long-term. It is about educating and preparing future generations of historically disadvantaged Americans. HBCU/MIs can be a valuable resource to the mentor in providing assistance to the protégé.

- **Participation in M-P Program**

There are many ways for HBCU/MIs to participate in an M-P agreement. A typical arrangement might be as follows:

- a. A mentor agrees to provide technical assistance to a protégé in a technology that the protégé does not possess.
- b. The mentor awards a subcontract to an HBCU/MI for the teaching staff to work with the mentor developing a curriculum to teach the technology.
- c. The HBCU/MI provides training for the protégé's key technical personnel in that technology.

Why not just have the mentor directly train the protégé in the technology rather than including the HBCU/MIs? There are several reasons:

- a. Mentors are businesses engaged in producing a product or service. They are not typically geared toward teaching.
- b. HBCU/MIs have the staff and experience to develop appropriate curricula for teaching a technology. The mentor is better suited to be a technical consultant to the HBCU/MI in developing the curriculum rather than as the primary teacher of the technology.
- c. If the mentor directly teaches the protégé, there is a one-time benefit. If the mentor teaches the teacher, the benefit for others can occur again and again.

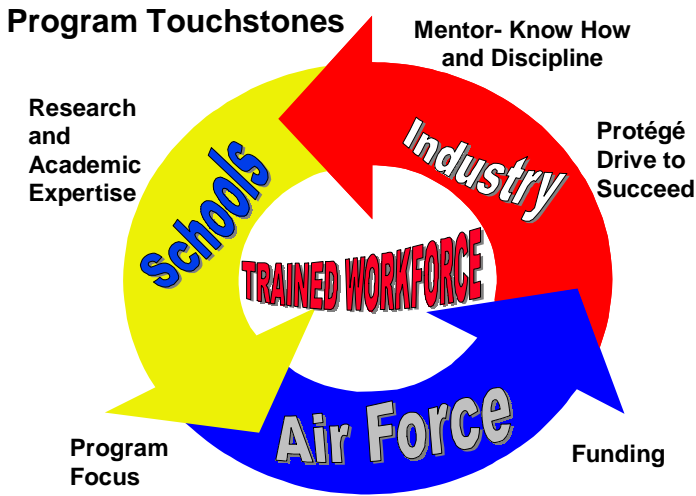
- **Benefits of Program to HBCU/MI**

Colleges and universities depend, in great measure, on grants and endowments to cover costs. HBCU/MIs typically do not share equitably in grants for research, nor

do they have endowments comparable to those of other universities. An obvious benefit of participation in the M-P Program for HBCU/MIs is that needed funding becomes available for the development of specialized and relevant curricula. Less obvious is that developing such specialties leads to increased grants and endowments. An upward cycle is begun wherein improved funding begets specialized programs, which attracts talented students and professors, that attracts grants and endowments. Successfully achieving a business partnership through subcontract opportunities with the Mentor and Protégé beyond the M-P relationship can help HBCU/MIs overcome funding shortages, which should be a long-term goal of the M-P parties.

- **Program Touchstones**

Each of the M-P participants have unique roles and responsibilities which they must fulfill for the program to be successful. However, it is important to note that these touchstones are connected, even in a continually changing environment. Overall, program touchstones in a mentor, protégé, HBCU/MI, and Air Force relationship may be summed up in the following chart.



2.5 U.S. Air Force Perspective

The Air Force perspective is based upon the major goals established for the M-P Program. Aside from the incentives, the subcontracts, and the long-term business relationships, the AF vision of the M-P Program is to stimulate the participation of underutilized SDBs into market areas where they might otherwise not be able to compete successfully. This is a strategic view designed to assist these SDBs with the processes and procedures to develop expertise to win future Air Force prime and subcontract opportunities. This program was not designed to provide opportunities for these SDBs at the expense of current qualified small businesses. In short, there will be no “swap out” of SDBs for small businesses in the current marketplace. In order to effectively facilitate and manage the AF M-P Program, the Air Force has established an M-P Center of Excellence (AFMPCOE) at Brooks AFB, TX.

The Air Force perspective is best illustrated in Figure 2-2. This Work Breakdown Structure (WBS) reflects only a small part of the overall WBS in Air Force activities. Typically, an SDB might be able to gain entrance to the WBS at the bottom level, as this is the extent of their capabilities. With the assistance of the M-P Program, the protégés increase their capabilities so that they might enter the WBS at a much higher level. In short, through the M-P Program, the protégés gain new skills and expertise enabling them to participate in work requirements at higher levels.

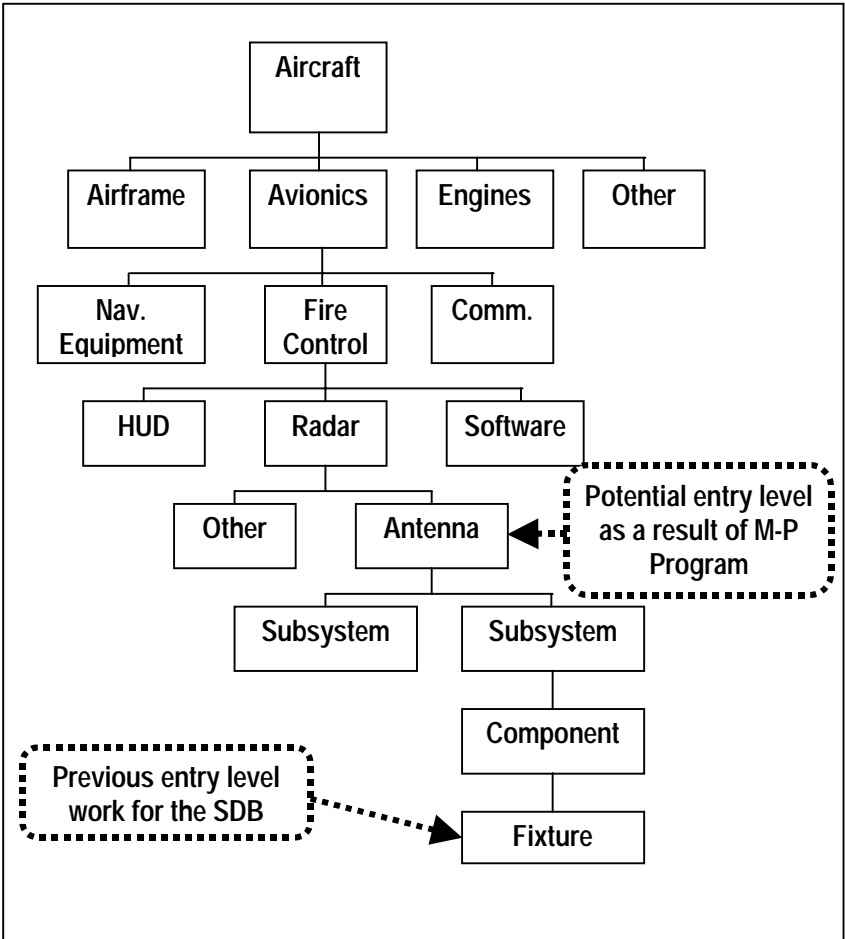


Figure 2-2 Project Work Breakdown Structure

III. USAF MENTOR-PROTÉGÉ PROGRAM

Since its inception as a pilot program under DoD auspices, the Air Force Mentor-Protégé Program has undergone several key changes. Chief among those changes is the method for selecting and approving participating M-P



teams. The Air Force adopted a structured, competitive selection process to ensure the most efficient use of available funds:

- a. The Air Force Mentor-Protégé Center of Excellence (AFMPCOE) is designated as the focal point for the award of multiple Cost Plus Fixed Fee prime contracts through the Broad Agency Announcement (BAA) process. The BAA process is an effective and efficient means to implement a competitive M-P Program in a “one stop environment” ensuring all M-P Program contracts are awarded in a consistent, equitable and timely manner.
- b. The AFMPCOE at Brooks AFB, Texas was established to take advantage of the wealth of expertise located within the 311th Human Systems Wing Small Business Office. Even though the 311 HSW/BC also supports the Air Force Center for Environmental Excellence (AFCEE), the **Air Force M-P Program is open to all qualified mentors and protégés actively engaged in businesses that fall within the historically under-utilized NAICS** identified in each issued BAA.
- c. It is important to remember that this program is not about benefiting the mentor. Every program-related

decision, every person assigned, and every dollar spent must be for the benefit of the protégé. The program was not created so mentors could have a cost center to temporarily assign excess direct labor personnel nor designed to be a training ground for the mentor's junior marketing staff. Funds provided to the mentor are for one purpose only—to reimburse the reasonable and legitimate cost of assisting the protégé to improve its business practices, acquire new technology, and obtain increased contracts and subcontracts. Once this is accomplished, the benefits will also begin to accrue to the mentor!

3.1 Required Documents

The following documents are prepared during the process of forming an M-P team. These documents include: Mentor Application (**for any company not previously approved as a mentor**), the M-P Agreement, and Proposal in response to Broad Agency Announcements (BAA). The following provides guidance as to items that shall be included within these documents and activities. Applicants are free to add sections as necessary to fit their circumstances (depending on instructions provided in the BAA).

A signed M-P agreement for each proposed M-P relationship must be submitted through the AFMPCOE. The AFMPCOE will coordinate approval by the Office of the Under Secretary of Defense, Small and Disadvantaged Business Utilization (OUSD SADBUE). Once the agreement has been approved and the contract has been awarded, developmental assistance costs may be incurred. Figure 3-1, the BAA Process Flow Diagram, represents a simplistic view of the identification, funding, flow of documents (BAA, Application, Agreement, BAA Proposal and Program Reviews as applicable), and approval activities that occur during the M-P process.

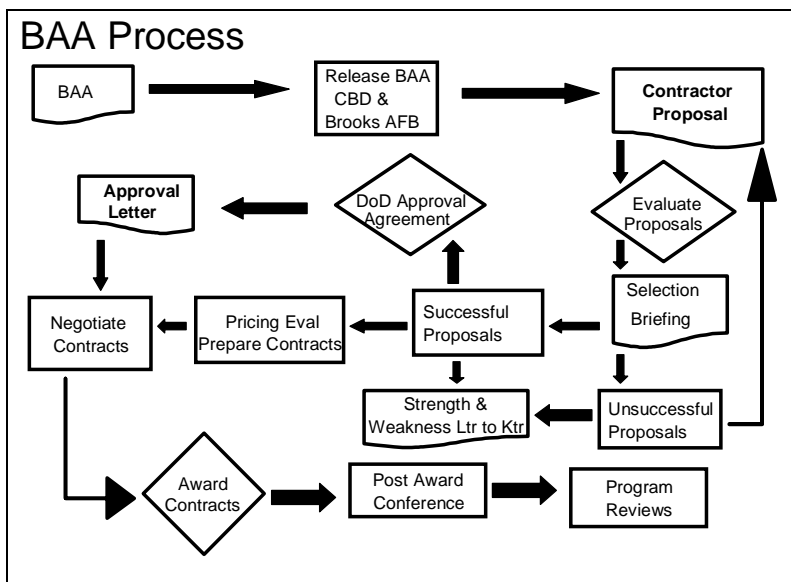


Figure 3-1, BAA Process Flow Diagram

3.2 *Mentor Application*

The DoD Mentor Application is **required for any company not previously approved** by the Director, OUSD SADB. Potential mentors may obtain a copy of the application to **use as a guide** by accessing the DoD M-P Program Home Page at:

http://www.acq.osd.mil/sadbu/mentor_protege

or the Air Force M-P home page at:

<http://www.brooks.af.mil/HSW/BC/MP>

and clicking on the link to the Application template.

- **General**

The Mentor Application should be limited to not more than ten (10) single spaced pages.

- **Required Information to be Provided:**

At a minimum, all elements of the template must be addressed:

1. **Mentor Point of Contact (POC)** shall include: Company Name/Division; POC Name; Position Title of POC; Address; Phone; Fax; E-mail and Company URL.
2. **Eligibility:** Provide a statement that the company is currently performing under at least one active approved subcontracting plan negotiated with DoD or another Federal agency pursuant to FAR 19.702, and that the company is currently eligible for the award of Federal contracts.
3. **Historical Background:** Provide a **brief** summary of the company's historical and recent activities plus accomplishments in meeting the company's Small Disadvantaged Business (SDB) program goals. Indicate if the company has been an SDB, woman-owned, small, or 8(a). If the company is a graduated 8(a), include the graduation date.
4. **DoD Contracts:** List the total dollar amount of DoD contracts **received** by the company during the two preceding fiscal years.
5. **DoD Subcontracts:** List the total dollar amount of DoD subcontracts **received** by the company during the two preceding fiscal years.
6. **Other Federal Agency Contracts:** List the total dollar amount of other Federal Agency contracts **received** by the company during the two preceding fiscal years.

7. **Other Federal Agency Subcontracts:** List the total dollar amount of other Federal Agency subcontracts **received** by the company during the two preceding fiscal years.
8. **DoD Subcontracts Awarded:** The total dollar amount of subcontracts **awarded** by the company under DoD contracts during the two preceding fiscal years.
9. **Other Federal Agency Subcontracts Awarded:** The total dollar amount of subcontracts **awarded** by the company under other Federal Agency contracts during the two preceding fiscal years.
10. **DoD Subcontract Awards to SDBs:** The total dollar amount and percentage of subcontract awards made to all SDB firms under DoD contracts during the two preceding fiscal years. (If presently required to submit SF295, provide copies of the previous two year end reports).
11. **Other Federal Agency Subcontract Awards to SDBs:** The total dollar amount and percentage of subcontract awards made to all SDB firms under other Federal agency contracts during the two preceding fiscal years. (If presently required to submit SF295, provide copies of the previous two year end reports).
12. **Ability to Provide Developmental Assistance:** Describe the company's ability to provide developmental assistance and how that assistance will potentially increase subcontracting opportunities in industry categories where SDBs are not dominant in the company's vendor base.

3.3 Mentor-Protégé Agreement

Prior to participation in the DoD M-P Program, a signed M-P agreement for each proposed M-P relationship **must be submitted through the AFMPCOE. Upon contract**

award, the AFMPCOE will forward the letter of approval from OUSD SADBUE.

The M-P agreement is a separate document reviewed and approved by the OUSD SADBUE and must include some of the same information contained in the BAA proposal (i.e., full description of developmental assistance, milestones, metrics, estimated costs, anticipated subcontracts to protégé, etc.). Direct Reimbursed Agreement developmental assistance costs may only be incurred upon contract award and approval of the M-P agreement by OUSD SADBUE. The official start date is the date of contract award.

NOTE: The period of the M-P agreement must be sufficient to be in effect for the entire period of performance as stated in the active BAA.

- **Required Items**

The signed M-P agreement must be in accordance with DFARS Appendix I-106(b) and (c). Potential mentors may obtain a copy of the agreement template to **use as a guide** by accessing the DoD M-P Program Home Page at:

http://www.acq.osd.mil/sadbu/mentor_protege

or the Air Force M-P home page at:

<http://www.brooks.af.mil/HSW/BC/MP>

and clicking on the link to the Agreement template. At a minimum, all elements of the template must be addressed as applicable to the specific M-P relationship.

1. **Mentor Firm Information shall provide:** Name of the Firm; Address; Telephone; Fax; Home Page and Cage Code.
2. **Mentor Eligibility:** Provide a statement that the mentor has been previously approved under the DoD

M-P Program and is still eligible to participate as a mentor (provide a copy of approval letter, if available) or attach the Mentor Application.

3. **Protégé Firm Information shall provide:** Name of Firm; Address; Telephone; Fax and Home Page.
4. **North American Industrial Classification System (NAICS):** Include NAICS code(s) representing the contemplated supplies or services to be provided by the protégé firm to the mentor firm and a statement that at the time the agreement is submitted for approval, the protégé firm, if an SDB concern, does not exceed the size standard for the appropriate NAICS.
5. **Protégé Eligibility:** Provide a statement that the protégé firm is currently eligible pursuant to one of the following criteria:
 - a. A Small Disadvantaged Business (SDB) concern as defined by section 8(d)(3)(C) of the Small Business Act (15 U.S.C. 637(D)(3)(C)) which includes the following:
 - Eligible for the award of Federal contracts; and
 - A small business according to the SBA size standard for the North American Industrial Classification System (NAICS) representing the contemplated supplies or services to be provided by the protégé firm to the mentor firm; and
 - Certified by the Small Business Administration as an SDB
 - b. A business entity meeting the criteria in a. above and is owned and controlled by either an Indian tribe as defined by section 8(a)(13) of the Small Business Act (15 U.S.C. 637(a)(13)) or a Native Hawaiian Organization as defined by section 8(a)(15) of the Small Business Act (15 U.S.C. 637(a)(15)); or

- c. A qualified organization employing the severely disabled which self certifies that it meets the criteria for such entities defined in Pub. L. 102-172, section 8064A; or
 - d. A small business concern that is owned and controlled by women, as defined in section 8(d)(3)(D) of the Small Business Act (15 U.S.C. 637(d)(3)(D)) (subject to regulatory implementation).
6. **Developmental Assistance Program:** Describe the developmental program for the protégé firm specifying the type of assistance planned. Include a description of how Historically Black College and Universities and/or Minority Institutions (HBCU/MIs) will participate in the developmental program. State how this plan will address the protégé's identified needs to enhance their ability to perform successfully and the anticipated number, dollar value, and type of contracts or subcontracts with DoD and other federal agencies to be awarded to the protégé firm and the period of time over which they will be awarded.
 7. **Milestones:** Define milestones by providing start and end dates for each developmental task.
 8. **Metrics:** In addition to the developmental assistance plan, provide specific factors to assess the protégé firm's developmental progress under the program.
 9. **DoD Subcontract Awards to Protégé:** List the number and total dollar amount of DoD subcontract awards made to the identified protégé firm by the mentor firm during the two preceding fiscal years (if any).
 10. **Federal Agency Subcontract Awards to Protégé:** List the number and total dollar amount of Federal Agency subcontract awards made to the identified protégé firm by the mentor firm during the two preceding fiscal years (if any).

11. **Potential Subcontracts:** Provide the anticipated number, dollar value, and type of subcontracts to be awarded the protégé firm consistent with the extent and nature of mentor firm's business, and the period of time over which they will be awarded.
12. **Termination Procedures (Mentor):**
- **Voluntary:** Provide procedures for the mentor firm to notify the protégé firm in writing at least 30 days in advance of the mentor firm's intent to voluntarily withdraw its participation in the program. **Mentor firms may only voluntarily terminate the M-P agreement if they no longer want to be a participant in the program as a mentor firm.**
 - **For Cause:** Provide procedures for the mentor firm to terminate the M-P agreement for cause which include the following:
 - A written notice of the proposed termination to the protégé firm, stating the specific reasons for such action, at least 30 days in advance of the effective date of such proposed termination.
 - The protégé firm shall have 30 days to respond to such notice of proposed termination, and may rebut any findings believed to be erroneous and offer a remedial program.
 - Upon prompt consideration of the protégé firm's response, the mentor firm shall either withdraw the notice of proposed termination and continue the protégé firm's participation, or issue the notice of termination.
 - **The decision of the mentor firm regarding termination for cause, conforming to the requirements of this section, shall be final and not reviewed by DoD.**
13. **Voluntary Termination Procedures (Protégé):** Provide procedures for the protégé firm to notify the mentor

firm in writing at least 30 days in advance of the protégé firm's intent to voluntarily terminate the M-P agreement.

14. **Additional Terms and Conditions:** Describe any other additional terms and conditions as may be agreed upon by both parties.

Note: All correspondence and inquiries by OUSD (AT&L), Military Departments, and Defense Agencies will be addressed to the POCs identified in the agreement.

15. **Mentor Firm Point of Contact (POC):** Name; Title; Address; Phone; Fax and E-mail.
16. **Protégé Firm Point of Contact (POC):** Name; Title; Address; Phone; Fax and E-mail.
17. **Procuring Contracting Officer (PCO). (Direct Reimbursable Agreements only):** Name; Address; Phone; Fax and E-mail.
18. **Mentor Firm's Cognizant Administrative Contracting Officer (ACO):** Name; Address; Phone; Fax and E-mail.
19. **Mentor Firm's Cognizant Defense Contract Management Agency (DCMA) Contract Administration Office (CAO):** Name; Address; Phone; Fax and E-mail.
20. **Protégé Firm's Cognizant Defense Contract Management Agency (DCMA) Contract Administration Office (CAO):** Name; Address; Phone; Fax and E-mail.
21. **Report & Review Requirement:** Include a **statement from each firm** indicating its willingness to comply with the program's reporting and review requirements (i.e., the semi-annual reports, the annual performance reviews conducted by the Defense Contract Management Agency (DCMA)). The **protégé must also indicate** they will provide data on employment and revenues for two years after the conclusion of the agreement.

22. **Signatures of Both Parties:** Mentors and protégés are required to sign and date each agreement. Names and titles (typed or printed) of the individuals shall also be included.

Note: A mentor firm may not require an SDB to enter into a M-P agreement as a condition for being awarded a contract by the mentor firm, including a subcontract under a DoD contract awarded to the mentor firm.

- **AFTER DOD APPROVAL**

Only developmental assistance provided after the DoD approval of the M-P agreement and award of a contract may be reimbursed.

3.4 DoD M-P Agreement Approval Checklist

The “DoD Mentor-Protégé Agreement Approval Checklist” provides a listing of the *minimal* information required by OUSD SADBU during the Agreement review. The checklist may be ***used as a guide*** and can be found accessing the DoD M-P Program Home Page at:

http://www.acq.osd.mil/sadbu/mentor_protege

or the Air Force M-P home page at:

<http://www.brooks.af.mil/HSW/BC/MP>

and clicking on the link to the Checklist.

3.5 Broad Agency Announcement (BAA)

BAA BACKGROUND

The Air Force M-P Center of Excellence is designated as the focal point for the award of multiple Cost Plus Fixed Fee prime contracts through the Broad Agency Announce-

ment (BAA) process. Information regarding all U.S Air Force BAA acquisitions is available through the Internet on the 311 HSW San Antonio Request For Proposal (RFP) and Acquisition Highway (SARAH) web site at:

<http://sarah.brooks.af.mil/>

BAA updates, all amendments and information related to these announcements will be available only through the SARAH website.

Registration through the website will provide automatic email notification whenever the website is updated. Written inquiries shall be addressed to the attention of the current contracting officer as identified in the BAA.

BAA BASIS FOR AWARD

Specific evaluation, general considerations, past performance importance and rating or ranking scales are subject to change and will be spelled out in detail during each BAA acquisition. The AFMPCOE solicits proposals utilizing the BAA process, advertised in the Commerce Business Daily (CBD), and on the Brooks AFB SARAH Website. The selection criteria currently includes the following:

1. Subcontract and Prime Contract Opportunities
2. Merit of Technical Approach
3. Utilization of HBCU/MI's
4. Relevance to AF and DoD Programs
5. Corporate Capability
6. Management Plan
7. Organizational Commitment

The Technology Transfusion areas on which the AF agreements typically focus may include Aerospace Manufacturing, Test Technology, Transportation Services, Information Technology, and Engineering

and Environmental Services. Offerors must always refer to the active BAA for the latest guidance regarding specific thrust areas. All current BAA information, including proposal instructions, is located on the SARAH website.

- NOTE: The BAA competitive process is the normal means by which companies enter the AF M-P program. **Approved and funded agreements negotiated as a separate line item on an existing Air Force contract will be permitted only on a limited basis as a result of unique or compelling circumstances.**

BAA PROPOSAL

The proposal is an invaluable document used to define what the mentor and protégé plan to accomplish during the program. **Under current Air Force guidelines**, the Air Force Program Manager uses **the proposal submitted** by the mentor **as the Program Plan**. This serves three purposes. First, it shows the Air Force that the mentor and protégé have worked closely together to determine the protégé's needs and have formulated a cohesive plan to satisfy each other's requirements. Secondly, it serves to reduce the number of deliverables required under the program. Lastly, it allows for all program funds to be applied directly to the mentoring overhead. The proposal must contain desired program outcomes; the schedules associated with achieving these goals, and proposed metrics, for use to measure protégé progress during the program. The content and substance of the proposal will be reviewed and critiqued by AFMPCOE. The organization of the proposal shall closely follow the BAA basis for award criteria. This allows the proposal evaluation team to apply objective criteria and stan-

dards and reduces the evaluation and contract award time.

EXECUTIVE SUMMARY

This section shall state background information, as well as program objectives. An overview of the program may also be presented here. The background shall include: a brief description of the mentor, background of the protégé to include: revenue, number of employees, area(s) of expertise, etc., as well as the HBCUs and MIs; duration of the proposed program; and a summary of the planned subcontracting opportunities. Program objectives shall be stated in a short, concise manner. Current BAA guidelines may be accessed on the SARAH website.

TECHNICAL VOLUME

The technical volume is the Program Plan and shall include the WBS and Program Schedule. In this volume, the mentor explains in detail not just the “what”, but the “how”, “when”, “where” and “who” of the proposed mentoring activities. **Proposals must demonstrate that a comprehensive protégé needs assessment was performed prior to submittal.** The needs assessment should focus on a specific technology, within the identified thrust areas, to be transferred. **Proposals consisting solely of business infrastructure and management assistance will not be considered.** The description of the proposed mentoring activities shall expand on the basic areas included in the Executive Summary and shall be organized and presented in terms of the current BAA basis for award criteria. The following sample outline provides insight into

the type of information along with corresponding level of details an offeror should include in this description. Offerors should only use these examples as a guide in detailing their description to ensure the proposal contains information sufficient enough to be completely responsive to the current BAA Basis for Award criteria:

- **SUBCONTRACT AND PRIME CONTRACT OPPORTUNITIES**

As explained earlier, subcontracts from the mentor are a key factor in determining the successful outcome of any M-P relationship. Historically, Air Force M-P agreements show an average return on investment (ROI) of 5:1. That is, if a reimbursement program was funded by the Air Force for \$250K per year, the protégé received actual awarded subcontracts and/or prime awards with values of at least \$1.25M for each year of the mentoring effort. The mentor shall describe the projects they intend to award to the protégé, with particular emphasis on how that project relates to the type technology being transferred. The mentor shall identify and present contract vehicles to transfer technology and make awards, along with the estimated values of the awards.

- **MERIT OF TECHNICAL APPROACH**

Throughout the volume, the mentor shall describe what will take place and how the mentoring will happen. Are protégé personnel to be placed within the mentor's organization to work alongside their mentor counterparts? Will the mentoring be only on-the-job training, or will formal classroom training also be included? What professional certifica-

tions will the protégé firm gain? What provisions has the mentor made to offset the protégé's potential loss of productivity and revenue while key personnel are in training? What business infrastructure improvements and production or management controls will be required to allow the protégé to fully exploit the new technology and realize an enhanced competitive advantage? These are pertinent questions to answer in the mentor's proposed approach to technology transfer and infrastructure improvements.

- **HBCU/MI PROGRAM**

Describe how the HBCU and/or MI will be used in support of this M-P program. Explain the involvement of the HBCU and/or MI in terms of conducting development of curricula, classroom instruction, laboratories available, and the employment of HBCU/MI students to support the development of the protégé(s). **In addition, the objective shall encompass maximum utilization of school facilities and business related subcontract opportunities related to the technology transferred by the mentor to the protégé.** This view is long-term, with the primary goal of educating and preparing future generations of historically disadvantaged Americans.

- **FACULTY INVOLVEMENT**

Discuss how faculty and personnel will be involved. Sample areas can include: administering training in technical areas, supporting the M-P team's effort to apply new technology, providing data collecting and interpretation services, and

assisting in writing technical papers for publication.

➤ **STUDENT INVOLVEMENT**

Describe the types of typical taskings to assign student personnel, i.e., data collection, literature research, drafting, on-the-job training, and other assigned tasks.

➤ **CURRICULUM DEVELOPMENT**

Explain how the mentor will coordinate with the HBCU and/or MI to develop curriculum in support of this M-P agreement.

• **RELEVANCE TO AIR FORCE AND DOD PROGRAMS**

Throughout the description of the technical approach, the mentor shall provide supporting evidence of the technical relevancy to the Air Force and DoD requirements. The overriding objective of the M-P Program is to increase the small business supplier base. Without direct relevance to the Air Force and DoD mission, the defense establishment cannot truly benefit.

• **CORPORATE CAPABILITY**

Incorporate discussion of the mentor's capabilities to conduct training. This discussion shall include, training philosophy, scope of training, personnel available for training (and their qualifications), classroom or instructional areas available, training materials available (or to be procured), lesson plans for classroom instruction, approach to: "hands on"

training, laboratories to be used (as required), and follow up training (reinforcement) activities.

- **MANAGEMENT PLAN**

The mentor's management approach to the M-P program is presented in this section. Include internal metrics used to ensure that all work is completed satisfactorily. Some of the methodologies used may include: program planning, regular team meetings, and upper management briefings. Methods to resolve possible problems and conflicts shall also be presented here. An organizational chart depicting the proposed M-P organization shall be presented in this section. Names of principle personnel shall be included. A sample organization chart is shown in Figure 3-2.

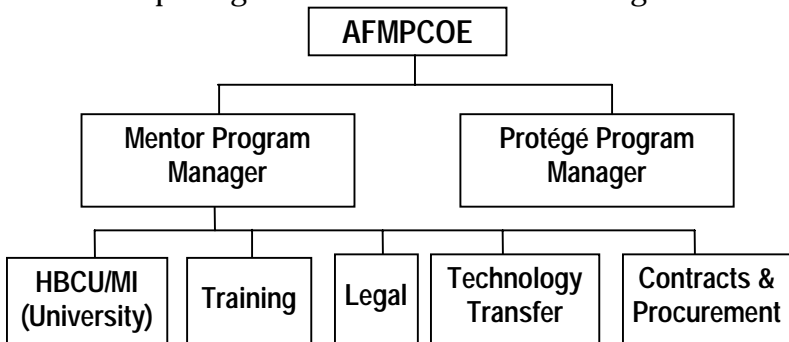


Figure 3-2 - Sample Organizational Chart

- **ORGANIZATIONAL COMMITMENT**

The mentor shall present a brief overview of the philosophy and reasons why they are entering into the M-P relationship. The mentor may desire to return some of their own good fortune to the small business community, to recognize the competitive

business advantages inherent in the relationships, or wish to mold an SDB to be a trusted business associate. Whatever the reasons, they shall be put forth clearly and concisely. Additionally, past experience shows that teams do not prosper when the mentor's program manager lacks the full support and backing of the highest level executives within the company. Successful relationships require the wholehearted commitment of all parties. In demonstrating the team's organizational commitment, the proposal shall include a statement of support from the president or CEO, as well as a named corporate sponsor from each company's officers.

- **NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM (NAICS)**

The following North American Industrial Classification System (NAICS) are the codes typically used in the AF BAA. For a current listing of NAICS codes, refer to the BAA on the SARA web site. All areas are equal in weight.

NAICS	DESCRIPTION
3353XX	Relay and Industrial Control Mfg.
3359XX	Carbon and Graphite Product Mfg. Misc. Elec. Equip & Component Mfg.
3344XX	Printed Circuit Assembly Mfg.
3364XX	Aircraft, Aircraft Engine & Engine Parts Mfg., Guided Missile & Space Vehicle Mfg.
3345XX	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical Sys & Inst Instruments & Related Products Mfg. For Measuring, Displaying, and Controlling Other Measuring and Controlling Device Mfg.
33999	All Other Miscellaneous Manufacturing
488999	All Other Support Activities for Transportation

NAICS	DESCRIPTION
5415XX	Custom computer Programming Services Computer sys Design Services Computer Facilities Mgmt Services Other Computer Related Services
5142X	Data Processing Services
5413X	Engineering Services
541614	Process, Physical Dist, and Logistics Consulting Services
54161X	Other Mgmt Consulting Services
5612X	Facilities Support Services

3.6 Program Deliverables

In addition to the Proposal, which becomes the Program Plan there are three Contract Data Requirements List (CDRL) deliverables. All current BAA information, including CDRL deliverables is located on the SARAH website at:

<http://sarah.brooks.af.mil/>

After browsing to this web page, find the USAF M-P Program and click on the solicitation number to open the summary page. Click on the “Files” link at the bottom of the page to access the current BAA information. At this writing, the CDRL documents are:

a. **REPORTING REQUIREMENTS TECHNICAL REPORT—STUDY/SERVICES**

Submit Draft Business Plan

Due 60 calendar days after contract issuance

Government has 25 days to get comments back to you

Final due 30 days after receipt of Government comments or approval

b. PRESENTATION MATERIAL

Program Review Material

(Submit program material three days prior to the program review)

Program Review Schedule

First review shall be Face to Face

Second review shall be Telephone

One-year review shall be Face to Face

c. CONFERENCE MINUTES (Program Review)

Conference Minutes

Submit Conference Minutes 5 working days following completion of each program review

Include Contract Number

THE BUSINESS PLAN

The purpose of the Business Plan deliverable is to demonstrate how the M-P team will exploit and leverage the M-P Program and its associated advantages. The contractual M-P relationship will last for a minimum of one year, with the potential for option years. During that time, the participants will work together closely. In order to have an adequate roadmap for this relationship, the M-P Program requires a business plan developed for and by the protégé. In other words, ***this is a joint effort***. Although the business plan is based on the protégé's business, the plan shall reflect how the mentor will promote the protégé both within its own organization, and to outside business entities including other government and civilian agencies.

The business plan shall contain the following key areas:

- Executive Summary
- Vision and Mission
- Goals and Objectives
- Management Group and Key Personnel

- Organizational Structure
- Marketing Plan/Strategy
- Product/Services Strategy
- Risks
- Financial Plan.

The Executive Summary is the heart of the entire business plan. The executive summary helps to crystallize thoughts and focuses on issues that are most important to the protégé's business and the M-P Program. If the protégé already has an approved business plan, the team can include information on how to leverage the protégé in the market place. This section shall synopsise all of the key areas of the business plan in their order of importance.

The Vision and Mission of a company is required in this section. Describe the protégé's corporate identity, and how to transfer business values to employees as well as customers.

The Goals and Objectives section shall clearly define the protégés business goals, and have stated objectives with measurable intent. Identify the company's goals and actions required to achieve goals. The overarching intent of this section is how the mentor will make the protégé a preferred supplier.

The Management Group and Key Personnel section shall include the key players on the M-P team. This shall include the M-P Program Manager (PM) and visibility within the corporate structure. In addition it shall be clear what the PM's access is to the corporate decision makers, and defined roles and responsibilities.

The Organizational Structure section shall include an organizational chart with a clearly defined reporting process. This shall be clear within both the protégé as well as the mentor organizations. In addition it shall be clear

what access each has to the corporate decision makers, with defined roles and responsibilities.

The Marketing Plan/Strategy section shall identify whether this is a critical component of the business plan. The marketing plan is the company's assessment of the market, the target customer group(s), potential customer group(s), the competition, and marketing efforts to date. Identify how the market is growing, how fast, and specify evidence that there is a market for the product or service. The strategy is the company assessment of how to carry out the marketing plan as well as how to reach customers and sell to them. The plan shall clearly define the sales strategy, positioning, marketing responsibilities, and advertising and promotion activities. The overarching theme in the marketing strategy is how the mentor will promote the protégé throughout its entire organization, as well as outside companies and agencies.

The Product/Services Strategy section shall include a description of the protégé's product or service and what makes it special and attractive. Include in this section the characteristics, benefits, unique features, how to deliver, and target market segments, both during the M-P Program and after.

Risks. The business plan shall identify the risks associated with the protégé's business as well as how the protégé will mitigate these risks. For example, are new facilities involved during the M-P Program? What are the marketing expenses, overhead costs, and additional contingencies for this venture?

The Financial Plan shall clearly demonstrate a thorough understanding of financial statements, including cash flow and capital requirements. This section shall also include cash flow projections, profit-and-loss statements, and balance sheets.

3.7 Program Management Review

To standardize all program reviews the following criteria were developed to assist the mentors and protégés in preparing for a program review. By developing the review around these criteria, the participants will touch on all aspects necessary for a productive review. Please note that any contractor format which captures and clearly denotes the criteria listed below is acceptable.

- a. **Value of Mentor Awards:** Demonstrate the actual or potential value of mentor subcontracts provided to the protégé(s). Depict so awards are clearly visible and can be calculated.
- b. **Value of Other Awards:** Demonstrate the actual or potential value of other subcontracts provided to the protégé(s). Depict so awards are clearly visible and can be calculated.
- c. **Return on Investment (ROI):** Determined based upon the two criteria above, along with any demonstrated increase in protégé revenue attributable to M-P assistance.
- d. **HBCU/MI Involvement:** Describe the HBCU/MI involvement.
- e. **Technology Transfer/Training Provided:** Type of Technology Transferred (Non-Traditional areas). Describe the relevancy to AF/DoD Programs, Other Government and Commercial Sector and whether technology is being transferred as planned.

The program reviews must also continue to report contractually required status of other areas (contract deliverables, funding expenditures, master schedule, program objectives and metrics, etc.). 311 HSW/BC (AFMPCOE) will hold a total of three (3) reviews. The

Master Annual Review Schedule is available on the M-P Homepage at:

<http://www.brooks.af.mil/HSW/BC/MP>

Note: DoD tasked the Defense Contract Management Agency (DCMA) to conduct annual performance reviews of all DoD mentors and protégés active during any part of the previous fiscal year. These reviews include agreements that were completed or terminated during that fiscal year along with agreements where DCMA does not have administrative cognizance. The AFMPCOE will make every effort to include DCMA in the scheduled face-to-face program reviews so that participants are subject to a minimum of reviews by various agencies.

3.8 Program Reporting

In addition to the DCMA annual performance reviews, DoD strengthened the reporting and annual performance review process in an effort to gain verifiable and consistent data on the results of every agreement. To this end DoD developed new procedures regarding the semi-annual reporting requirements in DFARS Appendix I-111. A recommended format and guidance for the new reporting requirements are available via the Internet at:

http://www.acq.osd.mil/sadbu/mentor_protege

MENTOR INSTRUCTIONS:

1. **Reports are due by April 30** (for period Oct 1 - Mar 31) **and October 31** (for period Apr 1 - Sep 30).
2. Reports are to be completed, signed, and submitted by the mentor firm. Please ensure that all required information is included.
3. Mentors must submit a **separate report for each protégé under an approved DoD M-P agreement**

that was active during any portion of the reporting period.

4. Please use the U.S. Federal Government's Fiscal Year (October 1 through September 30).
5. **Period of Performance "Start Date"** for **Credit Only Agreements** is the date of the DoD Approval letter. **For Reimbursable Agreements**, the **"Start Date"** is the **"Effective Date"** of the contractual document obligating the M-P funds.
6. **Period of Performance "End Date"** is the planned completion date of the agreement.
7. Data requested as **"Cumulative from Start of Agreement"** shall cover the period from the "start date" of the agreement through the end of the current reporting period.
8. **Developmental Assistance Provided:** Please provide a summary of the assistance provided to protégé firm. **IMPORTANT:** Include the amounts and descriptions of all incidental costs incurred (costs other than those attributable to assistance furnished by mentor's employees or costs attributable to assistance provided by Small Business Development Centers, Historically Black Colleges and Universities and Minority Institutions, and Procurement Technical Assistance Centers).
9. **Mentors are encouraged to provide supplemental information that may be of value in assessing performance under the agreement.**
10. Please forward completed copies of the signed report to the following:
 - a. Cognizant Defense Contract Management Agency (DCMA) Contract Administration Office (CAO),
Attn: Administrative Contracting Officer (ACO)

- b. DoD Mentor-Protégé Program Manager
DoD SADB
1777 North Kent Street, Suite 9100
Arlington, VA 22209
OR FAX TO: (703) 588-7561
- c. The Protégé Firm **(Please Note: Mentor will provide protégé firm with name and address of mentor's cognizant DCMA CAO.)**
- d. **For Air Force BAA Reimbursable Agreements:**
311 HSW/BC
USAF Mentor-Protégé Center of Excellence
(AFMPCOE)
8101 Arnold Street, Building 1160
Brooks AFB, TX 78235-5367

PROTÉGÉ INSTRUCTIONS:

1. The protégé must report annually by 31 October after review and concurrence with or rebuttal to the mentor's report covering the period ending 30 September. In addition, the protégé must provide data on employment, annual revenue, and annual participation in DoD contracts. The report is required during the program participation term and for two (2) fiscal years after expiration of the participation term. To concur or rebut any information submitted by the mentor, the protégé may do the following:
 - a. To concur: Sign the report and indicate that you concur.
 - b. To non-concur: Sign the report and indicate that you do not concur. Attach a detailed rebuttal regarding what items are being disputed.
2. Please forward copies of the signed report (and attached rebuttal if non-concurring) to the following:

- a. Mentor's cognizant DCMA CAO, Attn.: ACO
- b. Protégé's cognizant DCMA CAO, Attn.: ACO
- c. DoD Mentor-Protégé Program Manager
DoD SADB
1777 North Kent Street, Suite 9100
Arlington, VA 22209
OR FAX TO: 703-588-7561
- d. **For Air Force BAA Reimbursable Agreements:**
311 HSW/BC
USAF Mentor-Protégé Center of Excellence
(AFMPCOE)
8101 Arnold Street, Building 1160
Brooks AFB, TX 78235-5367

3.9 Option Year Opportunities

As a quality control measure, the Air Force will conduct independent on-site reviews with protégés and mentors to ascertain whether the parties are operating in good faith and whether the program and specific goals are being met as reported.

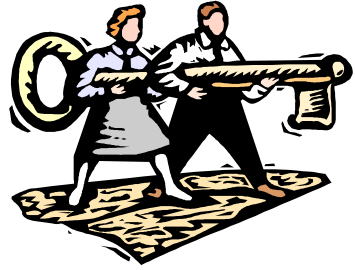
Agreements meeting program objectives can be given a “green light” for continued funding (within Congressionally mandated budget constraints). Agreements having difficulty in meeting the quality and success metrics will be given a “yellow light.” The mentor (and sometimes also the protégé) will have to take remedial steps to resolve the problems in order to get the “green light.” Agreements wherein the parties are determined to be operating in bad faith—or are unable or unwilling to enact the required remedial steps—will be given the “red light.” Program support and funding for such agreements will be withdrawn.

3.10 Disbanding The Team

As in some relationships, the mentor and protégé(s) must come to a decision point and admit that the anticipated expectations never materialized. For whatever reason(s), i.e., different business expectations, incompatibility of personnel, lack of trust and respect by either, failure to grasp the “team concept”, etc., both sides must be able to make this decision when necessary and go their separate directions. Prior to the complete dissolution of the relationship, the parties must: (1) identify the reasons for the breakup, (2) focus on lessons learned, and (3) share these results so others won’t make the same mistakes. The results of the Lessons Learned exercise should not be just an “airing of dirty laundry”, but an honest effort to disclose why the relationship did not work. The results should be shared with other divisions, directorates, and elements within the mentor’s organization. This information can be further disseminated by the Air Force and used as appropriate by other M-P programs.

IV. LESSONS LEARNED

The focus of this section addresses the importance the Air Force places on all participants effectively employing lessons learned throughout the execution of delivering and receiving developmental assistance. This section discusses the following four areas:



- The Air Force's perspective relating to overall lessons learned since implementation of the BAA process.
- Mentor lessons learned by past participants.
- Protégé lessons learned by past participants.
- Lessons Learned Tips to prevent small problems from becoming large problems.

4.1 USAF Perspective On Overall Lessons Learned

The Air Force gained valuable insight into what is important to ensure successful implementation of an M-P agreement. Communication is of paramount importance and lays the foundation for real success. Key areas of emphasis participants should always take into consideration include: selecting and matching the technology to be transferred, the size of protégé company (annual revenues and number of employees), protégé company maturity level and the ability to absorb the planned assistance. Participants should carefully consider the following points derived from past participants' experience in the program, when reviewing and analyzing lessons learned:

- Communicate, Communicate, Communicate! Open and honest communication has to be the rule rather than the exception.
- Know your partner prior to selection. Mentors and protégés function from differing perspectives. The mentor and protégé must have a **common vision** and understanding of each other.
- Mutual trust and respect are vital elements for ensuring success.
- Early HBCU/MI involvement is essential and very beneficial to program success. Failure to demonstrate effective and active HBCU/MI involvement will result in elimination from any consideration as an M-P program participant.
- This is a “team effort”—the protégé and mentor are of equal importance!
- Establish periodic participant meetings to monitor progress and evaluate feedback.
- The ensuing relationship must be viewed as a “long-term commitment” between the participants.
- M-P participation requires a big investment by all participants (e.g. capital, personnel, time, equipment) and the will to commit them.
- Successful M-P programs move out quickly, requiring the need to know your partner very well upfront.
- Do not overwhelm your partner or let yourself be overwhelmed, speak up when it matters.
- Communicate, Communicate, Communicate!

4.2 Mentor Lessons Learned By Past Participants

A consolidated historical summary includes the following:

- Active and meaningful management involvement is required at all levels of the organization.
- The M-P PM should have the authority to commit company resources (e.g., to direct, solve problems, and have access to upper management) for the mentor and protégé respectively. At a minimum, the PM must have unimpeded access to the highest level of management to speedily obtain that commitment and resolve problems.
- Select a technology that is commensurate with protégé products and services. Clearly define and target a market niche that does not result in the protégé and mentor becoming competitors.
- Only put the protégé on a project critical path **after** completing the planned development, not prior to or during.
- Consider the needs and market analysis upfront as well as the experience of the protégé (size, number of employees, ability to absorb assistance, etc.).
- Plan for “non-competitive” subcontract awards to the protégé. The protégé will need real time experience in the technology area as well as some level of business providing a partial offset for their resources being committed to the program. Direct mentor business to the protégé also demonstrates to others confidence in its protégé thereby enhancing the protégé’s potential to obtain other business. Finally, it represents the mentor’s commitment to program participation and establishing a long-term work-related teaming arrangement with its protégé.

- **Do not provide pure marketing assistance;** this is not the focus the Air Force seeks from M-P agreements.

4.3 Protégé Lessons Learned By Past Participants

A consolidated historical summary includes the following:

- Obtain team and ownership involvement up front!
- Understand that flexibility and a willingness to accept change are extremely important to success in the program.
- A protégé's existing business base is vital for sustainability during training. Do not depend completely on subcontracts from the mentor as the primary means to achieve goals.
- Carefully consider and evaluate the level of resource investments required to commit as a participant in this program.
- Be willing to ask for help from your mentor or the Air Force M-P Program Management Team.

4.4 Tips For Effective Use Of Lessons Learned

Some companies are quite familiar with the approach to follow in a Lessons Learned session. The mentor and protégé should determine the frequency of these sessions jointly. The following is a brief outline of the major processes to include for those with little or no knowledge, as well as a reminder for those who fully comprehend them:

- Establish meeting time and date (multiple sessions may be required)
- Invite all key personnel (they must be available)

- Emphasize commitment to these sessions
- Adhere to schedules
- Respect everyone's opinion
- Establish the agenda for the Lessons Learned Session
- Discuss both successes and failures of the effort
- Be open and honest!
- Mentors must be open to ideas and suggestion from the protégés
- Seek guidance from those who have experienced Lessons Learned
- Record all minutes of the meeting(s)
- Discuss and mutually find solutions to problem areas
- Assign expert personnel (in the required problem areas) to brainstorm solutions
- Develop recommended checklists, procedures, policies, etc.
- Provide lessons learned recommendations to higher echelon management

- **What Does It Take To Achieve Success?**

The future of the M-P team pivots on commitments made by all parties. These commitments include: the contract, the basis for the contract; contracts available for use by this M-P team; potential subcontracts available for the protégé and availability of future marketing arenas.

- **Business Is The Issue**

The Air Force expects the mentor to keep both the spirit and the letter of the contractual promise, when entering into an M-P agreement tied to the AFMPCOE program. Throughout the M-P Program, the partici-

pants must not forget that **business is the issue**. The participants entered into the partnership to foster a long-term business relationship. As business is the key element linking these participants, it is vital that the protégé further develop its capabilities to continue as a viable partner to the mentor. In forming this team, there are certain problem areas that stem from different business cultures, different visions, and different goals regarding the program. Likewise, the protégé signed the agreement with its mentor to keep its part to help ensure the mentor delivers on that promise. In short, ***a deal is a deal!*** If the promise is not kept, then neither the contractual deliverables nor the spirit and intent will be met, regardless of the amount of time or resources the mentor and protégé show they put toward the program.

- **Staffing the Program**

To achieve this purpose, the mentor needs to carefully select the staff it assigns to the program according to their level of commitment and ability to truly mentor the protégé. Junior staff members are unlikely to possess experience greater than the protégé's own staff (in fact, the reverse is likely). There is also the issue of commitment. Staff members temporarily assigned to the M-P cost center while awaiting another assignment, will have little commitment to or understanding of either the program or the needs of the protégé. Therefore, program personnel should be experienced professionals committed to the program objectives and assigned to the program for its duration.

- **Subcontracts to the Protégé**

A key factor in the success of the program is **subcontracting to the protégé**. The agreement typically

requires minimal levels of subcontracting. These are not to be construed as a **ceiling**, but rather as a **floor**. The program's goals are to maximize the subcontracting relationship during the period of performance to help offset the resource commitments made by the protégé. This offset is very crucial, since the protégé receives a limited amount of reimbursement dollars yet gives up direct labor hours without a corresponding increase in revenue. This can be the bridge the protégé successfully crosses over to the next level.

- **On-the-Job Training**

Developing a protégé into a preferred supplier without actually subcontracting to the protégé is like teaching a child to ride a bicycle without actually allowing them to get on the bicycle – it simply cannot be done. Also, in order to provide training to a protégé, there must be someone to train. Smaller protégé companies may not have any staff they can afford to take off a paying project and send to training. A protégé needs on-the-job training. Mentors must award the protégé a subcontract and then assist and train the protégé to perform that subcontract in an outstanding manner. In this way, the protégé ends up with a trained and experienced staff improving the protégé's ability to compete and perform.

- **Compatibility of Mentor and Protégé(s)**

Just as in any other relationship, the issue of compatibility is critical. Participants often see things from differing points of view. Certainly this is true for large corporations and small businesses.

- a. **The Mentor** – Large American corporations are usually made up of separate, nearly autonomous

divisions organized by business area or function. Decisions require many levels of review and take a long time. Communication between divisions and even between programs is often slow or non-existent. It can be exasperating for the protégé to negotiate the corporate maze and even more so to wait weeks or months for decisions that the protégé could make in hours or minutes.

- b. **The Protégé** – Small businesses are generally simpler organizations often reflecting the owner's personality. Although decisions are usually made in consultation with others, the process is informal and relatively fast. Small businesses are usually more concerned with day-to-day business issues than long-term planning. These small businesses usually don't have the financial resources to have highly specialized personnel with narrow functions. Employees of small businesses typically do many different jobs. In many cases, these personnel are producing revenue for the firm. Mentors can have difficulty understanding the needs of the protégé. Mentors can also become exasperated when the protégé does not appear to understand "how things are done." The mentor must be cautious and recognize the increased risks when dealing with an emerging firm.

- **Business Goals of Each Party**

- a. The business goals of each party in an M-P team impacts the level of success achieved. Are the goals compatible and complimentary? Is the mentor attempting to develop a high-quality SDB supplier upon whom they can and will rely for the performance of significant and substantial subcontracts? Is the protégé

attempting to develop strong capabilities to compliment the subcontracting needs of the mentor? Ideally, this would be the case. Sometimes, protégés are simply looking to solve cash flow shortages with free services, free equipment, and perhaps a “sole source” contract. Such goals are shortsighted and will do little to achieve the intent of the M-P Program.

- b. Both mentors and protégés must develop business goals focused on the desirability, from the mentor’s perspective, to develop a strong and reliable SDB supplier, and, from the protégé’s perspective, to achieve a permanent place on the mentor’s team of critical suppliers. This ideal requires two things. The first is good communications leading to mutual goals. The second is that both parties must be operating in good faith and be genuinely committed to achieving the shared goals. The life stage (Emerging or Established) of the protégé plays an important role in this endeavor. The following sections provide a brief overview of protégé life stages that are critical considerations from a lessons learned perspective.
- c. Shared goals open doors to possible business opportunities for both mentor and protégé. This means potential teaming pursuit of new prime contracts involving the protégé in non-military or even non-governmental business areas within the mentor’s business base. It means helping the protégé develop relationships with other major corporations or government clients to boost the protégé’s business base (and therefore financial resources) and strengthen

them as a supplier and team member. The possibilities are unlimited if the business goals are shared and pursued in good faith.

- **Emerging Versus Established Protégé(s)**

A protégé must be an SDB as defined by the Small Business Act. This refers to businesses with less than a prescribed amount of yearly revenues or employees. Within this definition, however, there is a considerable range of company sizes. Some might have only 5 to 10 employees. Others might have 300 to 400 employees. It is important to distinguish between smaller emerging protégés and larger established protégés.

A. EMERGING PROTÉGÉS

An “emerging SDB concern” is a small disadvantaged business whose size is no greater than 50% of the numerical size standard applicable to the NAICS code for the supplies or services the protégé firm provides or will provide to the mentor firm.

Corporate Vision – Frequently, the corporate vision of an emerging business is to establish a “niche” market. That is, to become known for and develop a business base within a particular area of expertise, typically one in which the business owner has a strong interest or competence. This vision is dynamic and creative. It puts into action the proverb, “find a need and fill it.” The business owner’s vision tends to be more focused on what they want to accomplish than on how to accomplish it. It is a vision often characterized as short-term.

Key Qualities – An emerging protégé has passion! The owner and staff are driven by their vision to

develop a particular type of product or service. An emerging protégé is also creative. Having no prescribed or pre-existing methods or “industry standard” assumptions, the emerging protégé can generate ideas that would be squelched in larger, more established firms. They are innovative, principally because there is no one to tell them, “it can’t be done like that.”

Special Needs – Emerging protégés often lack the resources and infrastructure to efficiently pursue their vision and develop their innovations. Such firms cannot take advantage of technology transfers because they cannot afford to hire people for training. The first and most important need of an emerging protégé is to increase revenue simultaneously with the transfer of technology. The mentor awards the protégé direct subcontracts in the protégé’s core capability and provides hands-on experience on the newly acquired technology. The mentor should avoid dampening the innovation and creativity of the emerging protégé. Emerging protégés often need assistance with basic items of business infrastructure such as accounting systems, employee manuals, marketing materials, and proposal formats. However, these secondary needs should not take precedence over the infusion of technology.

B. ESTABLISHED PROTÉGÉS

Established protégés fall outside the parameters of an “emerging SDB concern.” These companies previously tasted success in their corporate history and have a current business base in one or several niche areas. They developed certain systems and organizational practices allowing growth to their

current size. As they grew, their focus shifted from the “what” to the “how.” As more people joined the company, additional capabilities were added. These companies diversified into related or even unrelated business areas in an attempt to fuel their growth. Their strength resides in their ability to innovate with more resources available to support innovation.

Protégés in this stage are good candidates for the transfer of leading edge technology and are trying to break into new markets where there are few or no other SDBs. They are also good candidates for “teaming arrangements” to jointly market and perform a contract while the mentor trains the protégé’s staff in new technologies identified as Air Force thrust areas.

- **The Overwhelming Factor**

Following the introductory phase, all participants are eager to proceed with the “mentoring.” The mentor has the staff in place and is prepared to provide the identified training. The protégé is excited about the opportunity to expand its capabilities and the government is anticipating results.

All parties should be aware of the tendency to provide training to the protégé at an excessive rate. When scheduling training, mentors and protégés should be sensitive to the ability of the protégé to dedicate and schedule resources. Typically, protégé employees must be diverted from other important duties to participate in training. Careful scheduling is necessary to minimize disruptions to daily operations when introducing the required assistance.

V. CASE STUDIES

There is a tendency in the M-P Program to become wrapped up in the “how” of the program and lose sight of the “what.” It is an issue of style versus substance. The DoD Pilot M-P Program needs to achieve its intended purpose so that Congress will make it a permanent program. First, potential mentors must successfully seek out Small Disadvantaged



Businesses (SDBs) for teaming. Second, the mentors' technology transfer must increase the protégés' capabilities so the protégés become stronger, more competitive, more viable, and more capable. Third, both the mentor and protégé must develop a long-term business relationship for future opportunities. Throughout the history of the Air Force M-P Program, there are success stories and some agreements that did not go as well as the participants anticipated.

This section explores successes and failures via the case studies methodology and lessons learned from these case studies. The following examples actually occurred and the participants completed the M-P Program, as defined in their agreement. The names of the mentors and protégés are excluded; the point is that the M-P concept can work if the pitfalls are avoided. Case studies demonstrated success in three major areas: new/increased capabilities, new market areas and continued business partnership. Two

case studies, which were not as successful, fall into a primary area termed “Sinking Bathtub Effect”.

5.1 New And Increased Capabilities

The mentor agreed to provide new and increased capabilities to the protégé. The protégé expected to receive technical training in the form of classroom sessions, hands-on training, and eventually in a current project tasking. These new capabilities are a valuable resource for the protégé. The protégé must make every effort to ensure this capability is retained within the company. Protégé personnel are now, as they were before, very valuable resources. The protégé needs to work with the mentor to ensure these new capabilities are available for future proposals and subcontract taskings.

CASE STUDY #1

The Protégé: The protégé is an established small business producing high quality custom software applications for a wide range of commercial and DoD customers. They hold a number of prime contracts, as well as many subcontracts with traditionally recognized large DoD prime contractors. The protégé wishes to expand their software production capabilities and gain advanced qualification in the Software Engineering Institute’s Configuration Management Model (SEI/CMM). This increased capability will allow them to move into new markets and expand their existing business base by offering certified products and services. In addition, the protégé will be in a competitive posture well ahead of most other small software companies, and able to meet DoD contract specifications now requiring SEI/CMM qualifications.

The Mentor: The mentor is a full service federal contractor software and hardware applications provider, including full weapon system integration activities. They are qualified at the SEI/CMM Level III, and currently buying software applications from the protégé under several subcontracts. The mentor agreed to bring the protégé up to SEI/CMM Level II, along with the required business infrastructure improvements allowing the protégé to take full advantage of the new technology.

The Problem: The mentor and protégé began working in software process improvements and SEI/CMM Level II implementation with the cooperation and sponsorship of a federal program office client. At the same time, the mentor made numerous recommendations affecting the protégé's business infrastructure. The recommendations incorporated, the protégé's overhead rates dropped, making them even more competitive than before, and enabled the protégé to win prime contracts on their own. Additionally, the mentor awarded the protégé several subcontracts due to the increased capabilities and broad exposure throughout the mentor company's divisions. Revenues quadrupled and the employee base more than tripled for the protégé. All seemed well in the world, but the growth was not without its problems. On the outside all appeared well, but the protégé was having internal problems. The fast rate of growth led to the reassignment of the program manager who was influential in obtaining the federal client support, and the newly assigned program manager was not a steadfast supporter of the SEI/CMM methodology. The reluctance to adhere to the new practices caused software development delays and resultant program delays. The protégé belatedly recognized the problem and tried to deal with it internally, rather than confiding in their

mentor. The resulting program delays placed the formerly staunch core customer in an adversarial position, and caused the protégé to risk losing a key customer.

The Lesson: As in all relationships, the fundamental lesson learned is the absolute need for open and honest communication. The protégé's attempt to internalize the problem of a reluctant program manager placed them in the position to lose a piece of core business. That core business was the lead element in the technology transfer from the mentor. The mentor was frustrated because a formerly strong team was stagnating and in danger of collapsing. The protégé's upper management was frustrated because rapid growth caused a once strong management team to weaken. The customer was frustrated with program delays and ineffective software. The Air Force M-P Center of Excellence was concerned with the technology transfer not progressing as planned and budgeted. These frustrations caused by a lack of communication led to an inadequate understanding of the true problem outside the protégé firm. Once all parties were apprised of the true situation, and the reluctant manager was reassigned with one who supported the mentoring efforts, the program was off and running smoothly again. Communicate, communicate, communicate.

5.2 New Market Areas

Now that the protégé has new/increased capabilities, there are probably a number of new market areas available. This translates into new business opportunities. It is very important at this time that the protégé work closely with the mentor to develop a current marketing plan, reflecting specific marketing strategies. The mentor has previous

experience and a great deal of success. So who could be more perfect to assist the protégé in this area?

CASE STUDY #2

The Protégé: The protégé firm is a small, graduated 8(a) company specializing in wire harness assembly. The company had no design capability, or the ability to price and order large quantity jobs. The firm performed only those jobs that were put into kits and sent to them for assembly. Additionally, the firm was severely limited in its test capabilities, and ability to perform the most rudimentary electrical continuity checks. Further, the protégé's very limited human resources support (eight employees), and approximately \$200K per year in revenues hampered the foreseeable growth in either area.

The Mentor: The mentor is a large weapons system integration and component manufacturer with a global presence. They agreed to mentor the protégé by providing design capability, cost-plus pricing and bid skills, and purchasing and inventory management systems. Furthermore, the mentor proposed to implement the required business infrastructure improvements to allow the protégé to fully exploit its new technological advantages.

The Problem: After implementing the technology transfer, the mentor found they were not able to offer the amount of subcontracts to the protégé initially proposed. Changes in the prevailing market and the mentor's union labor contracts required much of the planned outsource work be retained in-house. The resultant overcapacity and capability resulted in the protégé losing trained personnel on whom they counted to take the company into higher levels of the

work breakdown structure. Further, the protégé's lack of experience in bidding, designing, building, and delivering fully tested wire harness assemblies placed them at a distinct disadvantage when competing for available contracts with larger, more experienced firms known for their proven performance.

The protégé objected to business infrastructure improvements instituted by the mentor. Those same improvements became the key factor in the ultimate success of this agreement. By installing a company intranet-based management information system (MIS), the mentor provided the protégé with the MIS skills to find, bid, and win data entry contracts with two non-defense agencies in the federal government. The resultant experience, personnel growth, and income afforded by those contracts, correlative to the planned technology transfer, allowed the protégé to market those capabilities to the commercial sector. The protégé succeeded in landing a long-term data entry contract with a non-DoD government agency. The success of that contract led to another data entry contract with the banking industry. The protégé then secured state-funded developmental financing enabling them to purchase additional data automation equipment. Data automation and data entry services are now the primary business units of the protégé.

Wire harness manufacture and assembly continue to provide an important portion of the company's income for the initial cadre of employees. That business unit has prospered through the mentor's technology transfer, ISO 9000 certification, and capital infusion in the form of transferring excess production equipment to the protégé. However, that original core business is far overshadowed by the phenomenal growth of the services segment of the company. The data services

unit of the company grew to include forty employees and over \$3.5M in annual revenue. Additionally, the costing and pricing system installed by the mentor has allowed the protégé to move into another profitable area; purchasing and assembling component kits for the mentor and other prime contractors. The protégé's efficient purchasing system makes it the primary source for a large portion of the mentor's bits and pieces procurements. Outsourcing its component purchasing operation to the protégé has saved the mentor hundreds of thousands of dollars in overhead costs. The mentor is so pleased with the success of this arrangement, that it has recommended the protégé as a purchasing agent for other prime contractors as well.

The Lesson: The most important lesson learned by the team, and the protégé in particular, is to accept change. Without acceptance of the business infrastructure improvements and the opportunities afforded by embracing new data automation skills, the protégé might still be struggling to maintain a subsistence revenue level. By exploiting all areas of the mentor's technological infusion, and remaining flexible, the protégé took advantage of correlated opportunities to mitigate possible disastrous losses in its intended market segment.

5.3 Continued Business Partnership

The business partnership of the mentor and protégé should continue even after the completion of the formal M-P relationship. If the companies have developed a "team concept" approach to new potential taskings, and if they have developed an environment of trust, open communication, and positive attitudes about their business partnership, there are potential benefits to both parties for

future business opportunities. The mentor now has a small company able to provide exceptional products/services, delivered on time, and at a fair price. The protégé has a large company as a big brother partner. The ability to draw on these capabilities affords the protégé opportunities for small business set aside, sole source, and other proposal activities. This enhances the chance of the protégé to win additional contract awards.

CASE STUDY #3

The Protégé: The protégé is a small disadvantaged management and information services company but somewhat established in terms of the length of time in business.

The Mentor: The mentor is a very large full service environmental company with immense environmental experience and capabilities, providing worldwide services.

The Problem: Although ISO 14000 requirements for Environmental Management System (EMS) are expanding internationally, Federal agencies are slow to come onboard. The team worked extremely hard obtaining unique methods to provide the impetus necessary to build interest in this important area. The participants in this case study entered into an M-P effort whereby the mentor provided the protégé an opportunity to qualify as the only 8(a) ISO 14000 Accredited Registrar in the area of EMS. The protégé would be one of a select few companies, *large or small*, to obtain this certification. At conclusion, the protégé would be positioned to assist businesses seeking to implement ISO 14000. This effort effectively utilized two Historically Black Colleges/Universities (HBCUs) who attained “Auditor” status for staff members and

the development of ISO 14000 specialized courses. The team experienced many highs and lows throughout the completion of the MP effort but remained focused on their primary goal of establishing a long-term relationship.

The Lesson: During this effort, all participants demonstrated their **commitment** through the depth of resources assigned, the instant effort and planned future teaming endeavors. The team displayed a keen sense of the importance in truly **communicating and trusting** each other sufficiently to willingly expose all flaws and successfully work through them. As a result, the protégé acquired new capabilities resulting in significant contract opportunities, direct and competitive awards, as well as a completely new market area with the automobile industry (The top 198 suppliers to the Big Three are required to implement ISO 14000 for EMS by 2003). The return on investment (ROI) for this MP effort was 18 to 1, in relation to the government dollars invested. In addition, the team laid a solid marketing foundation designed to ensure the protégé continues to realize increased growth well beyond the term of the MP effort, greatly improving the already outstanding ROI. The team artfully targeted all 15 Federal Agencies that, under a very recent Executive Order, must implement EMS by 2005 (adding 15,000 facilities as potential marketing targets), as well as several other industries where ISO 14000 implementation requirements for EMS are increasingly emphasized.

5.4 The Bathtub Effect

“The Bathtub Effect” is best described as failure to anticipate changes and is illustrated in Figure 5-1. The

experience illustrates the importance of long range planning by all parties and the effect of unanticipated events on the success of a M-P agreement.

CASE STUDY #4

The Protégé: The protégé is an SDB manufacturing company, with machining, sheet metal and composite fabrication capability. The company enjoyed an excellent reputation for quality over the past seven years and became a protégé to a major aerospace contractor. All parties agreed to the approved M-P agreement. The M-P plan provided training to the protégé to improve their engineering, manufacturing, and business development capabilities for competition in the open market on contracts for major Air Force aircraft and aerospace programs. The protégé enjoyed significant benefits from the mentor's assistance in improving their engineering and manufacturing skills. As a result of increased capabilities and anticipated work from the mentor, the protégé hired additional staff and made significant investment in capital improvements (at its own expense).

The Mentor: The mentor, in keeping with their commitment issued increasing numbers of subcontracts to keep the protégé viable. As Figure 5-1 shows, the protégé's initial subcontracts kept the protégé in good financial position. The plan provided continued work on the Advanced Cruise Missile (ACM) program for several years. The mentor based this decision on the supposition that the government would order sufficient numbers of ACMs from the mentor to support the protégé's business base. Furthermore, when ACM orders finally began to drop off, the increasing aircraft work would provide for the additional needed work.

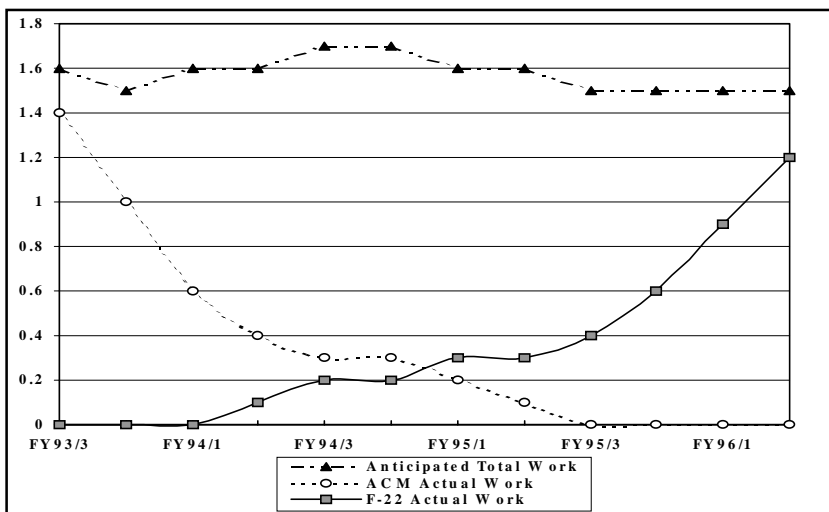


Figure 5-1 - ABC Industries Business Volume (in millions of dollars)

The Problem: Two unanticipated events occurred which led to a major crisis. First, the ACM work anticipated by the mentor was canceled (“The Peace Dividend”), reducing workload for the protégé. Second, the aircraft program was cut back and delayed. Start of production on the new weapon system was delayed several years. These events created the “Bathtub Effect” (see Figure 5-1). This effect resulted from a steep decrease in ACM orders (one side of the bathtub) and a period of insufficient orders (the bottom of the bathtub). The chart also reflects the protégé’s anticipation that total work would remain relatively stable for a substantial period. It did not! As a result of these occurrences, the protégé had to lay off previously trained employees and refocus its strategy to become a significant force in the aerospace industry.

The Lesson: The “lesson learned” from this experience is that mentors and protégés cannot depend exclu-

sively on subcontract work from the mentor. There must be additional sources of work available. The protégé must be able to sustain itself during times when workloads are down. The keys are (1) diversification, (2) good marketing skills, and (3) market to more than one customer division, section, etc. It is important that mentors encourage and train protégés to identify and market both the government and commercial worlds.

CASE STUDY #5

The Protégé: The protégé is a small but stable manufacturing company specializing in machine tooling, wanting to acquire state-of-the-art manufacturing capabilities along with the necessary infrastructure to take maximum advantage of new found core competencies. The protégé purchased the very first machine produced for this technology.

The Mentor: The mentor is a very large aircraft manufacturing company with far reaching core competencies in high tech areas accommodating the major tenets and expectations of the MP Program.

The Problem: The four primary areas the mentor planned to provide developmental assistance were: (1) Enhanced machining capabilities (training at mentor's facility during installation of a new manufacturing machine in the protégé's facility, install specialized software and improve "part programming" and post-processor development); (2) Improved management information system (MIS); (3) Improve quality processes (e.g., ISO 9000 training/ registration via the mentor's specialized "qualified supplier" certification program); and (4) Developed protégé's Strategic Plan. The main developmental assistance area identified

(new manufacturing machine) soon became a huge detriment to the protégé, eventually leading to the protégé having to close its doors for business. The first indication of the magnitude of this issue arose early in the program in the form of a cash flow concern. The protégé invested significant capital to purchase a new manufacturing machine, a new building (protégé now owning two buildings) to house the equipment and upgraded the existing machinery anticipating increased business from the mentor and other opportunities in this sector. Although the mentor worked vigorously to assist the protégé to restructure debt, the mentor was unable to provide sufficient real-time state-of-the-art manufacturing contract awards for the protégé to realize any kind of profit or break even point in operating the new machine. In addition, because the protégé was in such poor financial condition, no one besides the mentor would award machining work. In fact, the protégé ended up in the unenviable position of being on the critical path but unable to sustain the requisite manufacturing capacity necessary. In addition, an unexpected and drastic drop-off in market opportunities for state-of-the-art manufacturing work negatively impacted the mentor and protégé. The protégé was also unable to finance specialized tooling machinery universally used in the manufacturing industry for machining state-of-the-art complex parts. **Open communication and trust were hampered from the start.** The protégé expressed satisfaction with the technical mentoring and neglected to emphasize concerns regarding perceived unfair treatment from various personnel in the procurement community. The situation worsened toward the program end, in that the protégé was not completely upfront pertaining to the seriousness of its financial troubles. In fact, the mentor and government were not

aware, at least until very late in the process, that the protégé had its business up for sale. One other problem area of note was the authority level of the mentor MP Program Manager and his relationship with upper management throughout the corporation. The MP Program Manager did not have the authority to commit resources and did not have unfettered access to those in the upper management chain who could resolve problems as they arose.

The Lesson: This case points out several significant factors for consideration by future MP participants during the decision-making process. First, mentors need to be acutely aware that selecting the appropriate technical area for developmental assistance remains the critical long pole in determining potential success for the protégé. It is equally important to remember that an in-depth analysis of the protégé firm's capabilities must be conducted (such as a detailed needs analysis to determine financial stability, current core customers, etc. and market research to target current and future customers for the new technology) prior to entering into an agreement. Also, a mentor should **never knowingly allow the protégé to be in a severe cash flow situation, especially if the protégé has been placed on the critical path.** The protégé should never enter the program without an ongoing business base sufficient to sustain them. It is incumbent on the protégé to fully appreciate the notion that M-P is not a panacea or cash cow for its business; rather, M-P should be viewed as one of many necessary building blocks for growing the business. The mentor and protégé may have mitigated some of these problems by conducting a more detailed market analysis to avoid heading toward competition in the same market segment and being more judicious in projecting the level of resources the protégé needed to

make the transition and perhaps time-phased the entire effort. Next, the mentor and protégé must diligently work on open and honest communication throughout the program, be on the same page regarding expectations, understand the protégé's current business base and realize the need for sufficient non-competitive contract awards in the direct developmental assistance area. This case clearly demonstrated that the role and responsibilities of the mentor's Program Manager must be clearly delineated. The best scenario suggests the Program Manager have the authority to commit resources. If this is not possible, then he or she must be strongly supported by upper management when organizational conflicts arise. Finally, although unforeseen market degradations are not always predictable, the team must carefully consider the possibility prior to total commitment and implementation of the mutually agreed upon developmental assistance.

WEBSITES

The following websites contain information on the Mentor-Protégé Program and/or procurement and teaming opportunities:

Department of Defense:

http://www.acq.osd.mil/sadbu/mentor_protege

Air Force:

<http://www.selltoairforce.org/>

311 HSW San Antonio Request for Proposal (RFP) and Acquisition Highway (SARAH):

<http://sarah.brooks.af.mil/>

Air Force Mentor-Protégé Center of Excellence:

<http://www.brooks.af.mil/HSW/BC/MP>

Air Force Interactive Electronic Mall:

<http://www.miairforcemall.org/>

HBCU/MIs:

<http://services.sciencewise.com/molis/selectinst.asp>

<http://www.ed.gov/offices/OCR/minorityinst.html>

or <http://www.ed.gov/offices/OCR/topics.html#M>

and click on Minority Postsecondary Institutions